

IN THE CLAIMS:

1. **(Currently Amended)** A computer-implemented method of carrying out an electronic transaction that includes a payment via a secure electronic draft, comprising the steps of:

establishing a secure computer site that shows ~~includes a representation of~~ the draft, the site being controlled by a financial service provider and accessible only to authenticated parties to the transaction;

creating a first online letter of credit linked to a drawer of the draft and including predetermined terms, satisfaction of the terms being a precondition to the financial service provider ~~extending credit to the drawer~~ releasing any payment from the created first online letter of credit;

authenticating each party to the draft seeking access the secure computer site to a satisfaction of the financial service provider, and

releasing payment on the draft to a drawee of the draft upon satisfaction of the predetermined terms, ~~an optional at least a~~ portion of the released payment originating from the ~~credit extended to the drawer through the~~ created first online letter of credit.

2. **(Original)** The method of claim 1, wherein payment on the draft is contingent upon removal of a contingency, wherein the secure computer site is configured to provide a description of the contingency and to enable removal of the contingency and wherein the releasing step is carried out only when the contingency is timely removed by an authenticated party that is authorized to remove the contingency.

3. **(Original)** The method of claim 2, wherein the contingency includes at least one of a shipment of goods, a promise to ship the goods, a performance of services, a promise to perform services, a shipping date restriction, a performance date restriction and inspection of the goods.

4. **(Original)** The method of claim 1, wherein the financial service provider includes a FSP.

5. **(Original)** The method of claim 1, wherein the releasing step includes a step of sequestering funds of the drawer on deposit with the financial service provider, the sequestered funds being at least equal to a portion of the payment on the draft.

6. **(Original)** The method of claim 1, wherein the first letter of credit is one of revocable and irrevocable.

7. **(Original)** The method of claim 1, wherein the first letter of credit is effective for a predetermined time period.

8. **(Original)** The method of claim 1, wherein the financial service provider further carries out a step of charging the drawer of the draft a fee for an establishment of the online letter of credit.

9. **(Original)** The method of claim 1, further comprising the step of debiting the fee from the funds of the drawer on deposit with the financial service provider.

10. **(Original)** The method of claim 1, wherein the first letter of credit increases a value of the drawer's funds on deposit with the financial service provider only for purposes of determining whether sufficient funds are available to release payment on the draft.

11. **(Original)** The method of claim 1, wherein the first letter of credit is effective for one of a single electronic transaction and multiple electronic transactions.

12. **(Original)** The method of claim 1, further comprising the step of granting the financial service provider a security interest in goods received exchange for the released payment.

13. **(Original)** The method of claim 1, wherein the computer site is configured to provide the drawer of the draft with secure access to an accounting of the status of the first letter of credit.

14. **(Original)** The method of claim 1, wherein the secure computer site is configured to keep an existence of and access to the first letter of credit from the drawee of the draft.

15. **(Original)** The method of claim 1, further comprising the step of creating a first online performance bond linked to a drawee of the draft, the first performance bond releasing first liquidated damages to the drawer of the draft upon failure of the drawee to perform according to terms of the electronic transaction.

16. **(Original)** The method of claim 15, further comprising the step of sequestering the first liquidated damages from an account of the drawee until the drawee performs according to the terms of the electronic transaction or is excused from performing.

17. **(Original)** The method of claim 15, further comprising the step of creating a second online letter of credit linked to the drawee and wherein at least a portion of the first liquidated damages originates from the second online letter of credit when funds available to the drawee are insufficient to release payment of the first liquidated damages to the drawer.

18. **(Original)** The method of claim 1, further comprising the step of creating a second online performance bond linked to a drawer of the draft, the second online performance bond releasing second liquidated damages to the drawee of the draft in a case wherein the drawer fails to perform according to terms of the electronic transaction.

19. **(Original)** The method of claim 18, further comprising the step of sequestering the second liquidated damages from an account of the drawer until the drawer performs according to the terms of the electronic transaction or is excused from performing.

20. **(Original)** The method of claim 18, wherein at least a portion of the second liquidated damages originates from the credit extended to the drawer when the funds of the drawer on deposit with the financial service provider are insufficient to cover the release of the second liquidated damages.

21. **(Currently Amended)** The method of claim 1, wherein the secure computer site further ~~includes a representation of~~ shows at least one document that defines the terms and conditions of the electronic transaction.

22. **(Original)** The method of claim 21, wherein the at least one document is accessible only to authenticated parties to the transaction.

23. **(Original)** The method of claim 21, wherein a proposed revision to the at least one document includes a revision contingency, a timely removal thereof by an authenticated party constituting approval of the proposed revision.

24. **(Currently Amended)** A computer-implemented method of carrying out an electronic transaction that includes a payment via a secure electronic draft, comprising the steps of:

establishing a secure computer site that shows ~~includes a representation of~~ the draft, the site being controlled by a financial service provider and accessible only to authenticated parties to the transaction;

creating a first online performance bond, the first online performance bond defining one of first liquidated damages to be paid to a drawer of the draft upon non-performance of the drawee and second liquidated damages to be paid to a drawee of the draft upon non-performance of the drawer;

authenticating each party to the draft requesting access to the secure computer site to a satisfaction of the financial service provider, and

carrying out one of the steps of:

releasing payment on the draft to a drawee of the draft when both drawer and drawee perform;

paying the first liquidated damages to the drawer upon non-performance of the drawee or upon occurrence of a first event; and

paying the second liquidated damages to the drawee upon non-performance of the drawer or upon occurrence of a second event.

25. **(Original)** The method of claim 24, wherein payment on the draft is contingent upon removal of a contingency, wherein the secure computer site is configured to provide a description of the contingency and to enable removal of the contingency and wherein the releasing step is carried out only when the contingency is timely removed by an authenticated party that is authorized to remove the contingency.

26. **(Original)** The method of claim 24, wherein the contingency includes at least one of a shipment of goods, a promise to ship the goods, a performance of services and a promise to perform services, a shipping date restriction, a performance date restriction and inspection of the goods.

27. **(Original)** The method of claim 24, wherein the financial service provider includes a FSP.

28. **(Original)** The method of claim 24, further including a step of sequestering funds of the drawer on deposit with the financial service provider, the sequestered funds being at least equal to a portion of the payment to be released on the draft.

29. **(Original)** The method of claim 28, wherein the sequestering step sequesters funds of the drawer at least equal to the second liquidated damages.

30. **(Original)** The method of claim 24, further including a step of sequestering funds of the drawee, the sequestered funds being at least equal to the first liquidated damages.

31. **(Original)** The method of claim 24, further comprising the steps of:
- creating a first letter of credit linked to a drawer of the draft and including first predetermined terms, the satisfaction of the first predetermined terms being a precondition to the financial service provider extending credit to the drawer;
- drawing at least a portion of the payment released to the drawee from the credit extended to the drawer when funds of the drawer on deposit with the financial service provider are insufficient to cover the payment on the draft or payment of the second liquidated damages.
32. **(Original)** The method of claim 31, wherein the first letter of credit is effective for a predetermined time period.
33. **(Original)** The method of claim 31, wherein the financial service provider charges the drawer of the draft a fee for an establishment of the online letter of credit.
34. **(Original)** The method of claim 32, wherein the fee is debited from the funds of the drawer on deposit with the financial service provider.
35. **(Original)** The method of claim 31, wherein the first letter of credit increases a value of the drawer's funds on deposit with the financial service provider only for purposes of paying the second liquidated damages upon non-performance of the drawer or for purposes of determining whether sufficient funds are available to release payment on the draft.
36. **(Original)** The method of claim 31, wherein the first letter of credit is effective for one of an electronic transaction and multiple electronic transactions.

37. **(Original)** The method of claim 24, wherein the computer site is configured to provide the drawer of the draft with secure access to an accounting of the status of the first performance bond and of the first letter of credit.

38. **(Original)** The method of claim 24, wherein the secure computer site is configured to keep an existence of and access to the first letter of credit from the drawee of the draft.

39. **(Original)** The method of claim 24, further comprising the steps of:
creating a second letter of credit linked to a drawee of the draft and including second predetermined terms, the satisfaction of the second predetermined terms being a precondition to credit being extended to the drawee;

drawing at least a portion of the payment released to the drawee from the credit extended to the drawee when funds of the drawee are insufficient to cover the payment of the first liquidated damages.

40. **(Currently Amended)** The method of claim 24, wherein the secure computer site further ~~includes a representation of~~ shows at least one document that defines the terms and conditions of the electronic transaction.

41. **(Original)** The method of claim 40, wherein the at least one document is accessible only to authenticated parties to the transaction.

42. **(Original)** The method of claim 40, wherein a proposed revision to the at least one document includes a revision contingency, a timely removal thereof by an authenticated party constituting approval of the proposed revision.

43. **(Original)** The method of claim 24, wherein at least one of the first and second events are defined the terms and conditions of the electronic transaction.

44. **(New)** The method of claim 1, wherein the released payment originates at least in part from the credit extended to the drawer through the created first online letter of credit when funds of drawer on deposit with the financial service provider are insufficient to cover the draft.